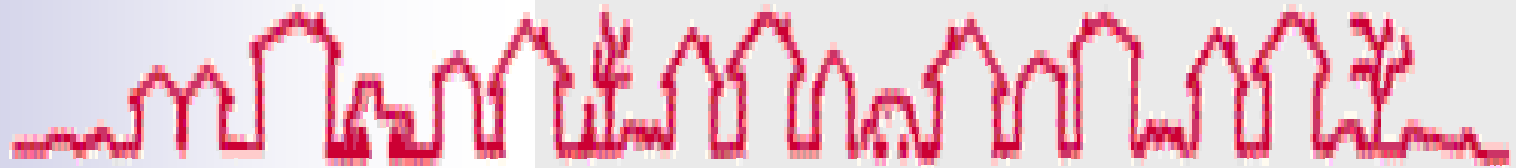




California's Housing Needs



California Department of Housing and Community Development



Identifying the Problems

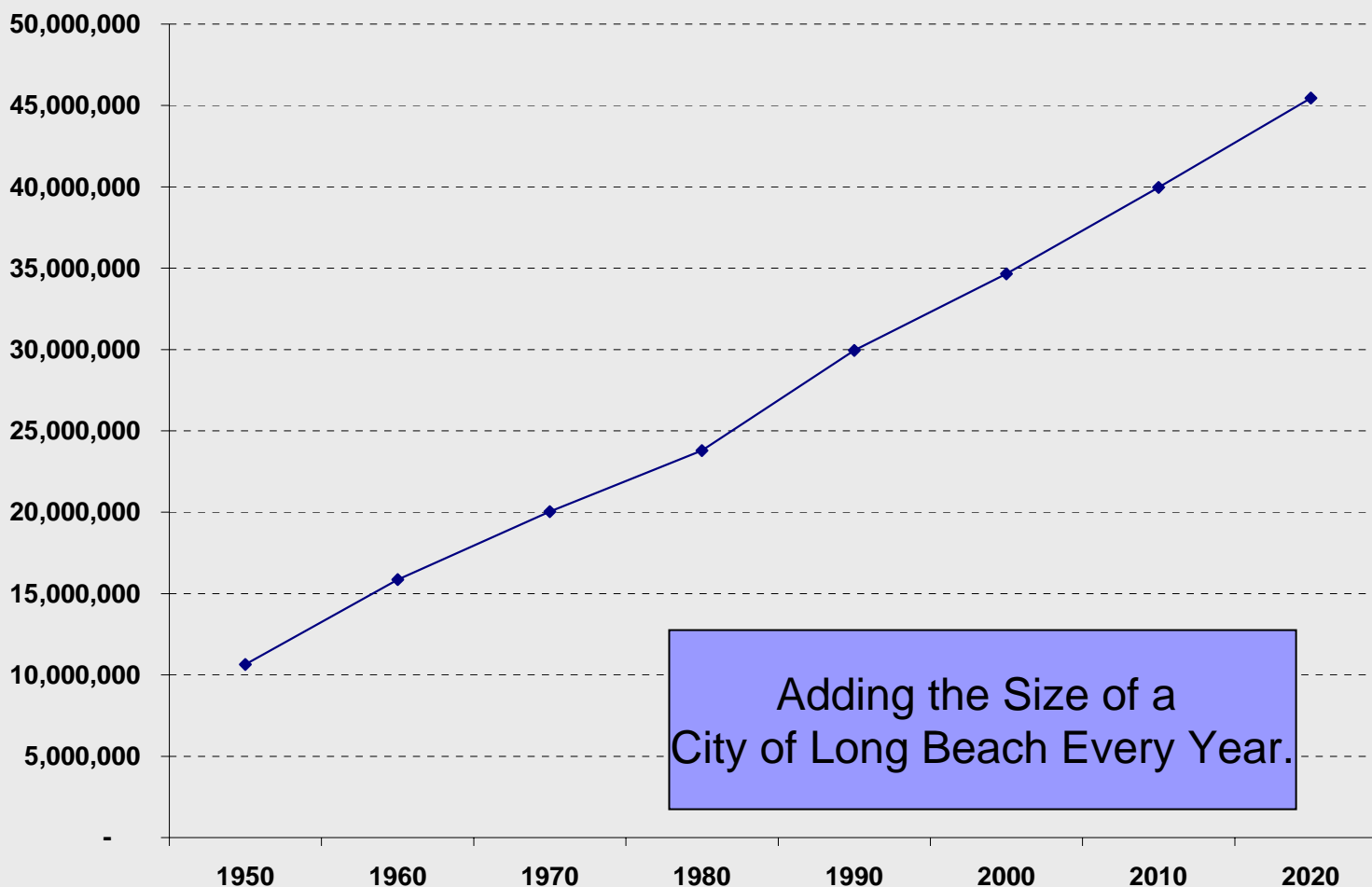


Housing Demand Influences

- Strong Population Growth
- Changing Demographics
- Housing Supply Shortage
- Declining Affordability
- Job Growth
- Favorable Mortgage Rates

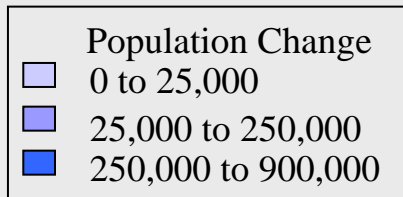
Strong Population Growth

California's Population Predictably Grows About 500,000 Per Year.



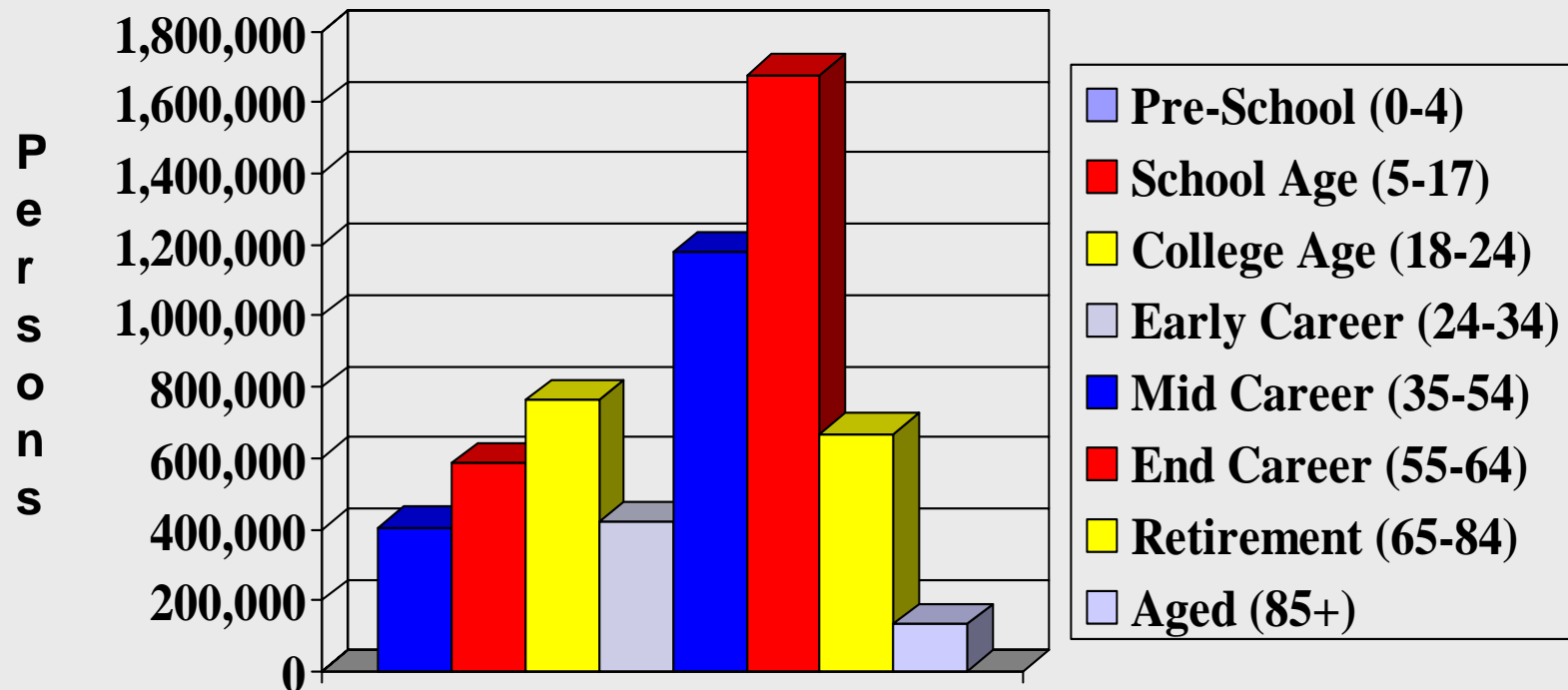
Strong Population Growth

California Today: 37 million
California 2020: 44 million



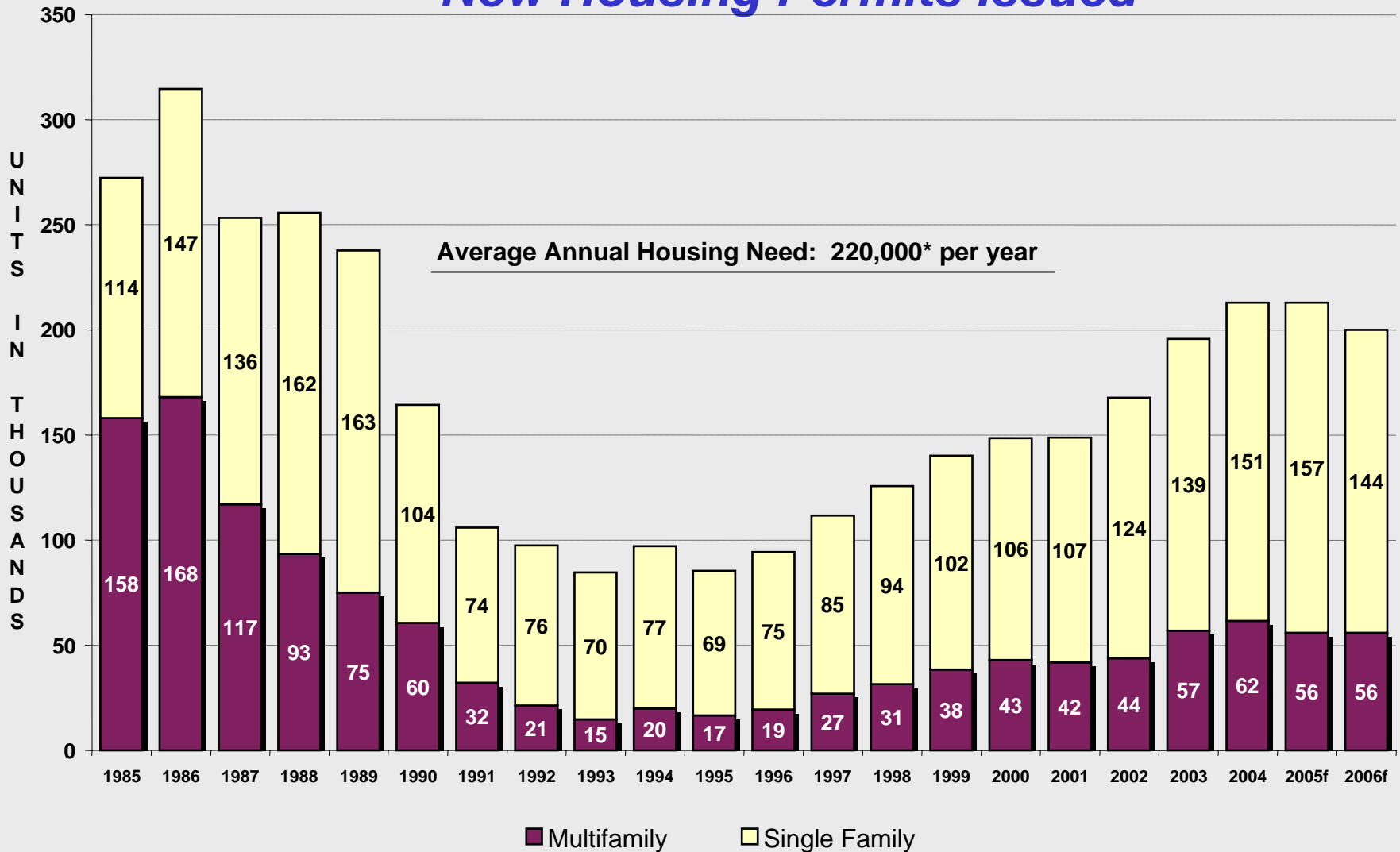
Changing Demographics

CALIFORNIA'S Projected Growth 2000 – 2010 by Age cohort



California Housing Supply

New Housing Permits Issued



SOURCES: CAR; Construction Industry Research Board, November 28, 2005; CA Statewide Housing Plan, Raising the Roof – (Need 1997-2020) Graphic representation by HCD.

Declining Affordability



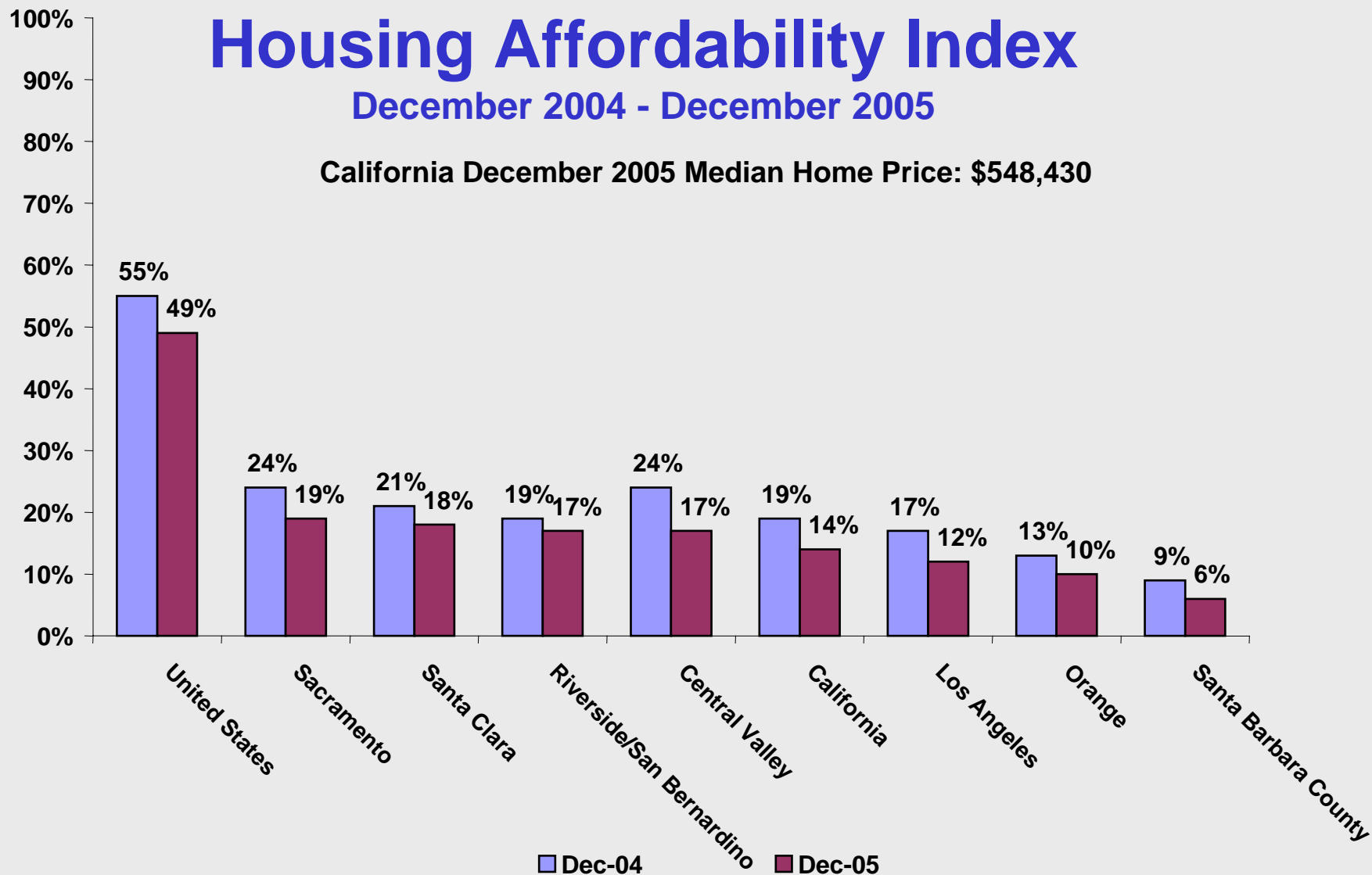
Median Sales Prices:

	<u>Dec 05</u>	<u>Dec 04</u>
California	\$548,430	\$474,270
<u>County</u>		
Los Angeles	\$552,760	\$463,450
Orange County	\$702,290	\$627,000
San Diego	\$603,680	\$577,040
Riverside/	\$394,790	\$327,210
San Bernardino		

Housing Affordability Index

December 2004 - December 2005

California December 2005 Median Home Price: \$548,430



Percentage of households able to afford a median-priced detached home



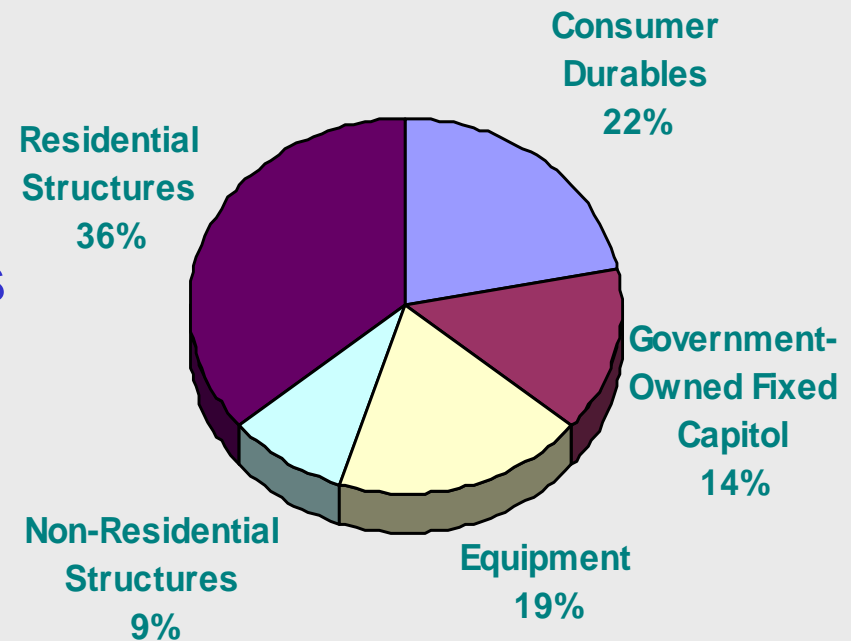
Why Housing is Important

Housing Industry Contribution to the California Economy

- Contributes \$218 billion per year to economy.
- Generates 935,000 jobs.
- Accounts for approximately 10% of all economic activity in the state.
- Housing industry is the second largest industry group in the state, when all economic multipliers are considered.

Why Housing Is Important

- Housing wealth has a more immediate impact on consumer spending than stock wealth.
- About 6 in 10 homeowners have more home equity than stock wealth.
- Housing accounts for more than one-third of the nation's tangible assets.





California's Response

Addressing Our Supply Problem



Governor Schwarzenegger Addresses Housing:

- “We need affordable housing. A home of your own is part of the American Dream. I believe in such dreams.”
- “I want a California where people spend less time sitting on the freeway and more time in the homes that they own.”
- The State’s lack of housing supply has created inefficient land uses and forced housing development further from jobs and population centers.

**When there is enough
housing that is affordable...**



**Children have stable neighborhoods
and healthy environments.
When they thrive, their community thrives.**